

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2013

FISCAL ANALYSIS MEMORANDUM

[This confidential fiscal memorandum is a fiscal analysis of a draft bill, amendment, committee substitute, or conference committee report that has not been formally introduced or adopted on the chamber floor or in committee. This is not an official fiscal note. If upon introduction of the bill you determine that a formal fiscal note is needed, please make a fiscal note request to the Fiscal Research Division, and one will be provided under the rules of the House and the Senate.]

DATE: 06/19/2014
TO: House Finance Committee
FROM: Bryce Ball and Sandra Johnson
 Fiscal Research Division
RE: House Bill 1145 (Second Edition)

FISCAL IMPACT (\$ in millions)					
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		<input type="checkbox"/> No Estimate Available		
State Impact	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Special Fund Revenues:	0.00	1.45	0.91	1.06	1.20
<i>Highway Fund (Registrations/Titles)</i>	0.00	0.40	0.50	0.62	0.74
<i>Highway Trust Fund (Titles)</i>	0.00	0.96	0.31	0.31	0.31
<i>Motorcycle Safety Instruction Program</i>	0.00	0.08	0.10	0.12	0.15
<i>Mercury Pollution Prevention Account</i>	0.00	0.01	0.00	0.00	0.00
Special Fund Expenditures:	0.52	0.89	0.87	0.89	0.90
<i>Division of Motor Vehicles</i>	0.41	0.89	0.87	0.89	0.90
<i>DOT - Information Technology</i>	0.11	0.00	0.00	0.00	0.00
State Positions:	10.0	10.0	10.0	10.0	10.0
NET STATE IMPACT	(\$0.5)	\$0.6	\$0.0	\$0.2	\$0.3
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Division of Motor Vehicles; DOT – Information Technology					
EFFECTIVE DATE: July 1, 2015					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY: HB 1145 modifies the titling, registration, and financial responsibility requirements for mopeds.

Sections 1 and 2 repeal the current exemptions for mopeds, subjecting them to similar titling and registration requirements ascribed to motorcycles under Chapter 20 of the North Carolina General Statutes, and further requiring financial responsibility for the lawful operation of a moped.

Section 3 requires submission of an affidavit concerning registration eligibility in lieu of demonstration of the manufacturer's certificate of origin for a moped, where the certificate is unavailable.

Sections 4 through 7 modify Chapter 58 of the North Carolina General Statutes to authorize liability insurance and theft and physical damage insurance for mopeds.

Section 8 requires the Division of Motor Vehicles, Department of Justice, Department of Public Safety, and Department of Insurance to examine additional policy changes for the safe operation of mopeds and to report findings to the Joint Legislative Transportation Oversight Committee by February 1, 2016.

Section 9 provides that the act becomes effective July 1, 2015.

ASSUMPTIONS AND METHODOLOGY: HB 1145 subjects mopeds, defined by G.S. 105-164.3(22) as two or three-wheeled motorized vehicles with piston displacement of less than 50 cubic centimeters and maximum speed of 30 miles per hour, to similar registration and titling requirements as motorcycles. Only mopeds which are designed and manufactured for use on highways may be registered and operated. This requirement is assumed to exclude other low speed vehicles such as "pocket bikes" or "motor scooters" which are not recognized by the National Highway Traffic Safety Administration and do not meet federal safety standards for use on public roads.

There is presently no reliable data to indicate the number of vehicles in operation within the state which meet both criteria of 1) manufacture for use on highways and 2) piston displacement of less than 50 cubic centimeters. However, based on a survey of retailers, the Division of Motor Vehicles estimates that approximately 8,000 mopeds are sold annually with a potential population of 17,000 vehicles currently in operation. Therefore, this analysis assumes that 25,000 mopeds could be registered and titled during FY 2015-16, with 8,000 mopeds registered and titled annually thereafter. These estimates also assume stable growth, as there is no estimate for the number of vehicles that may be removed from operation.

Highway Fund, Highway Trust Fund, and Other Revenues:

Registration Fee: Per G.S. 20-87(6), base motorcycle registration fees are either \$15.00 or \$22.00, depending upon the attached equipment (e.g. sidecar). Assuming the base fee of \$15.00 and an initial registration of 25,000 mopeds, registration revenues could approach \$375,000 during the first year of implementation (FY 2015-16). Revenues could increase by \$120,000 thereafter based on registration renewals and continued sales growth. Registration fees are credited to the Highway Fund.¹

An additional \$3.00 fee is remitted to the North Carolina Community College System to fund the Motorcycle Safety Instruction Program (G.S. 115D-72). Based on estimated registrations, \$75,000

¹ This analysis does not address applicable Regional Transit Authority and Piedmont Authority Regional Transportation taxes for moped registrations.

could be credited to the Community College System in FY 2015-16, potentially increasing by \$24,000 annually thereafter.

Certificate of Title: Per G.S. 20-85(a)(1), the fee for a certificate of title is \$40.00. Collections are distributed as follows: \$1.00 is credited to the Highway Fund; \$0.50 is credited to the Mercury Pollution Prevention Account in the Department of Environment and Natural Resources; and the remaining \$38.50 is credited to the Highway Trust Fund. Potential certificate of title collections and remittances based on the assumed titling of 25,000 mopeds in the first year and 8,000 annually thereafter are shown in Table 1.

Table 1. Certificate of Title Fees (G.S. 20-85)					
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Highway Trust Fund	-	\$ 962,500	\$ 308,000	\$ 308,000	\$ 308,000
Highway Fund	-	\$ 25,000	\$ 8,000	\$ 8,000	\$ 8,000
DENR – Mercury Pollution Prevention Account	-	\$ 12,500	\$ 4,000	\$ 4,000	\$ 4,000

No estimates are available for potential revenues from the assessment of late penalties, requests for duplicate registrations, duplicate titles, replacement plates, registration transfers, etc. as authorized by Chapter 20 of the General Statutes.

Division of Motor Vehicles (DMV)

DMV projects that ten additional law enforcement personnel will be required to perform physical examinations of vehicles to validate authenticity and compliance with federal safety standards, as well as other processing requirements resulting from HB 1145. Estimated recurring personnel (\$642,883) and operating (\$173,760) costs for the License & Theft Bureau total \$816,643. To accommodate training requirements, this analysis assumes that personnel would be hired effective January 1, 2015.

Costs would also be incurred for materials (i.e. plates, registration stickers, etc.), postage, and payments to license plate agents. DMV estimates that roughly 60% of transactions will be performed by license plate agents, 20% will be processed through mail or internet channels, and 20% will be performed by the State-operated registration offices. License plate agents will be compensated for each combined title and registration transaction at \$2.43 and at \$1.43 for each registration renewal pursuant to G.S. 20-63. Estimated materials, postage, and agent compensation costs during FY 2015-16 total \$68,725.

Department of Transportation - Information Technology

According to the Department of Transportation - Information Technology section (DOT-IT), modifications to the State Titling and Registration System (STARS), Crash Reporting System (CRS) in-house data entry application, North Carolina Traffic and Criminal Software (NC TraCS) System road-side/field data entry application, and Electronic Crash Reporting System (ECRS) third-party data entry application are necessary to implement the proposed requirements. Principal modifications to STARS include:

- Modification of titling functions, including lien recording and printing;

- Coding to generate the affidavit required during titling;
- Modification of registration functions relating to the issuance, renewal, exchange, and transfer of plates;
- Revision of appropriate tables to add new body style, vehicle use, and plate categories for mopeds;
- Modifications to mail-in and internet renewal processes;
- Modifications for on-line dealer (TRIVIN and CVR) systems to support STARS changes.

DOT-IT estimates implementation costs of \$108,000 for these modifications, representing 1,200 projected hours of contractual labor at a rate of \$90.00 per hour. Existing resources will be used to support any additional implementation and recurring application maintenance/support requirements.

SOURCES OF DATA: Department of Transportation

TECHNICAL CONSIDERATIONS: N/A